



Fact Sheet

December 2005

**Wisconsin Accomplishments
For Fiscal Year 2005**

The Farm Service Agency ensures the well-being of American agriculture, the environment and the American public through efficient and equitable administration of farm commodity programs; farm ownership, operating and emergency loans; conservation and environmental programs; and emergency and disaster assistance.

Wisconsin FSA employees fulfilled that mission during fiscal year 2005 with the following accomplishments:

Making Credit Available to Wisconsin Producers.

Farm Service Agency (FSA) makes direct and guaranteed Farm Ownership (FO) and Operating Loans (OL) to family-size farmers and ranchers who cannot obtain commercial credit. FSA also makes loans to individual rural youth to establish and operate income producing projects of modest size in connection with 4-H, FFA, and similar organizations. FSA also provides emergency loans to help producers recover from production and physical losses due to drought, flooding, and other natural disasters.

“Direct” Farm Loans are made with Government funds. The local county office make and service these loans and provides direct loan customers with supervision and credit counseling so they have a better chance of success. Farm Ownership, Operating, Emergency, and Youth Loans are the main types of loans available under the Direct Loan Program.

FSA “Guaranteed” Farm loans provide lenders (e.g., banks, credit unions, Farm Credit institutions) with a guarantee of up to 95% of the loss of principal and interest on a loan.

Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. FSA can guarantee Operating Loans or Farm Ownership up to \$852,000 (amount adjusted annually based on inflation).

\$191 million made available to Wisconsin Producers. Wisconsin Farm Service Agency county offices approved a total of 1,566 Direct and Guaranteed loans for \$191,725,000 to farm producers. Wisconsin ranked 1st in the Nation for total number of loans and ranked 1st in the nation for total dollars loaned.

\$83.2 Million in Farm Ownership Loans. With a Direct Farm Ownership Loan (FO), you can purchase farmland, construct or repair buildings and other fixtures, and promote soil and water conservation. The maximum amount for Direct Farm Ownership Loan is \$200,000. Guaranteed Farm Ownership Loan may be made to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, pay closing costs, or refinance debt.

Repayment terms and interest rates vary according to the type of loan made, the collateral securing the loans, and the applicant’s ability to repay. The Farm Ownership Loan terms cannot exceed 40 years.

Wisconsin FSA Offices approved a total of 358 Direct and Guaranteed Loans making \$83,217,000 in credit available to Wisconsin producers.

\$106.6 Million in Farm Operating Loans. Direct Operating Loans (OL) may be used to purchase items such as livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Operating Loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, family subsistence, and/or refinance debts under circumstance. The maximum amount of Direct Operating Loans is \$200,000. Repayment terms and interest rates vary according to the type of loan made, the collateral securing the loans, and the applicant’s ability to repay. Annual Operating Loans are normally repaid within 1 year. Other Operating Loans are normally repaid within 7 years.

Guaranteed Operating Loans (OL) may be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Guaranteed Operating Loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, family living expenses, and to refinance debts under certain circumstances. Repayment terms vary according to the type of loan made, the collateral securing the loan, and the producer’s ability to repay. The interest rate and payment terms are negotiated between the lender and the borrower. Interest

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rates on these loans may not exceed the rate charged the lender's average farm customer. In addition, under the Interest Assistance Program, FSA will subsidize 4 percent of the interest rate on loans to qualifying borrowers.

In fiscal year 2005, Wisconsin approved 1,148 Direct and Guaranteed Loans, totaling \$106,614,000 to Wisconsin farm producers.

\$62.4 Million in Loan to Beginning Farmers and Ranchers. Of the total 1,566 Direct and Guaranteed Loans made to Wisconsin farm producers, 47.2% of these loans were made to Beginning Farmers and Ranchers. Thus, Wisconsin made 739 loans totaling \$62,434,000 to Beginning Farmers and ranchers. A beginning farmer or rancher is defined as an individual or entity who (1) has not operated a farm or ranch for more than 10 years; (2) meets the loan eligibility requirements of the program to which he/she is applying; (3) substantially participates in the operation; and, (4) for FO loan purposes, does not own a farm greater than 30 percent of the average size farm in the county. (Note: All applicants for direct FO loans must have participated in business operation of a farm for at least 3 years.) If the applicant is an entity, all members must be related by blood or marriage, and all stockholders in a corporation must be eligible beginning farmers.

\$9.4 Million in Loans to Socially Disadvantaged Applicants. The Farm Service Agency (FSA) can make and guarantee loans to socially disadvantaged applicants to buy and operate family-size farms and operate family-size farms and ranches. Funds

specifically for these loans are reserved each year. Non-reserved funds can also be utilized.

A socially disadvantaged farmer or rancher is one of a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities. For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, and Asian Americans and Pacific Islanders. In 2005, Wisconsin made 139 loans totaling \$9,418,000 to Wisconsin farm producers that were Socially Disadvantaged applicants.

\$1.8 million provided to Wisconsin producers for Emergency loan purposes. Out of the 1,566 Direct and Guaranteed Loans made to Wisconsin farm producers, 59 of these loans were made to farm producers for Emergency loan purposes. The total amount borrowed to Wisconsin farm producers was \$1,894,000. USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine. Emergency loan funds may be used to: restore or replace essential property, pay all or part of production costs associated with the disaster year, pay essential family living expenses, reorganize the farming operation, and refinance certain debts.

Emergency loans may be made to farmers and ranchers who: own or operate land located in a county declared by the President as a disaster area or designated by the Secretary of Agriculture as a disaster area or quar-

antine area (for physical losses only, the FSA Administrator may authorize emergency loan assistance), are established family farm operators and have sufficient farming or ranching experience, are citizens or permanent residents of the United States, have suffered at least a 30-percent loss in crop production or a physical loss to livestock, livestock products, real estate, or chattel property, have an acceptable credit history, are unable to receive credit from commercial sources, can provide collateral to secure the loan, and have repayment ability.

Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of \$500,000. Loans for crop, livestock, and non-real estate losses are normally repaid within 1 to 7 years; depending on the loan purpose, repayment ability, and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.

Direct Operating Youth Loans.

FSA makes loans to individual rural youths to establish and operate income-producing projects of modest size in connection with their participation in 4-H clubs, Future Farmers of America, and similar organizations.

Ninety-nine loans totaling \$391,790 were made to Wisconsin youth.

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Helping Wisconsin Producers through Price Support and Farm Programs.

Farm programs are designed to improve the economic stability and viability of the agriculture sector and to help ensure the production of an adequate and reasonably priced supply of food and fiber for American citizens.

Each program dollar paid to a producer turns over in the local community an estimated seven times.

\$389 Million in Farm and Program Support. Wisconsin producers received \$389,058,212 (ranking the state 17th nationally) in Commodity Credit Corporation program benefits. Farm and program support benefits included:

\$148.7 Million in Direct and Counter-cyclical Program Payments. The Direct and Counter-cyclical Program helps to stabilize U.S. agriculture by providing payments to eligible producers who enroll their farms each fiscal year during the life of the current farm bill. Producers who enrolled in the Direct and Counter-cyclical Program received \$148,793,541 in direct payments. Wisconsin ranked 12 nationally in total DCP payments.

\$42.7 Million in Conservation Program Payments. Landowners enroll environmentally sensitive lands for terms of 10 to 15 years. In return for planting a protective cover of grass or trees, they receive an annual rental payment. Cost-share and incentive payments are also available. Wisconsin producers received \$42,711,275.

\$102 Million in Loan Deficiency Payments. A producer who is eligible to obtain a marketing assistance loan, but who agrees to forgo the loan, may obtain a Loan Deficiency Payment instead. Producers who elected to receive loan deficiency payments in lieu of marketing assistance loans received \$102,209,885, ranking the state 12th nationally.

\$1.2 Million in Milk Income Loss Contract Payments. The Farm Service Agency's Milk Income Loss Contract Program financially compensates dairy producers when domestic milk prices fall below a specified level. In fiscal year 2005, Wisconsin ranked first in the program with producers receiving a total of \$1,276,644 in payments to help compensate for low milk prices.

\$195 Thousand for the Lamb Meat Adjustment Program Wisconsin lamb producers received \$195,516 in payments in 2005. The Lamb Meat Adjustment Assistance Program (LMAAP) is a 4-year program started in 2000 to help stabilize the lamb market.

\$6.2 Million in Market Loan Gains. Marketing assistance loans provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. A producer realizes a marketing loan gain if the loan is repaid at less than the loan principal. Wisconsin producers received \$6,222,162 in market loan gains in fiscal year 2005.

5.8 Million in Tobacco Transition Payment Program Payments. Wisconsin tobacco producers and quota holders received \$5,884,987 in tobacco transition payments in 2005. The TTPP,

also known as the "tobacco buy-out," provides transition payments to eligible tobacco quota holders and producers over a 10-year period.

\$768 Thousand in Non-insured Assistance Program. \$768,010 was received by Wisconsin producers who participated in the Noninsured Crop Disaster Assistance Program (NAP). The program provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occurs due to natural disasters.

\$84 Million in 2003/2004 Crop Disaster Program. Wisconsin producers received \$84,394,486 in Crop Disaster Program payments. The program provides financial assistance to producers of 2003 or 2004 crops with losses in yield and quality.

\$19 Thousand in Livestock Assistance Program payments. \$19,355 was received by Wisconsin producers who participated in the Livestock Assistance Program. The program provides assistance to livestock producers who suffered grazing losses in 2003 or 2004 due to weather conditions.

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